

**CLOSING SPEECH BY MALCOLM WICKS MP
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**“UK NORWAY CO-OPERATION AND THE GLOBAL CHALLENGE OF NEW
TECHNOLOGIES”**

Introduction

1. I am delighted to be here today at this auspicious gathering and having the pleasure of meeting Mr Odd Roger Enoksen for the first time as the new Norwegian Minister for Petroleum and Energy. As I have been Energy Minister for just 6 months myself, I think we can say that we are both relatively new [boys] on the block. Fortunately as both our countries have had such close relations at all levels over such a long period of time continuity is not a problem.
2. The UK is in transition from energy island to net importer and our partnership with Norway is a mutually beneficial component of this. The Treaty we signed earlier this year means that the first part of the new Langeled pipeline will be feeding Norwegian gas into the UK network for winter 2006/7.
3. A new interconnector pipeline from the Netherlands and an upgrade to the existing interconnector with Belgium will also increase our import capacity by next winter. Beyond that, two major new liquefied natural gas terminals in Pembrokeshire will bring in new supplies from further afield and new gas storage facilities over the coming years will help industry manage supply and demand.
4. All of this is in addition to improvements already onstream before this coming winter - a liquefied natural gas terminal up and running in the Thames estuary, improvements and changes to storage capacity at Rough and Humbly Grove and an initial upgrade to the interconnector with Belgium due to be onstream within weeks.
5. This is a picture of a dynamic UK energy sector responding to the new UK energy scenario, working in collaboration with strategic partners in Norway and elsewhere. New pipelines, terminals and storage facilities mean greater security of supply and will help bear down on prices for industrial and domestic consumers.
6. Securing more gas from Norway to the UK will be one of the big consumer benefits of the UK's partnership with the Norwegian oil and gas sector. The Langeled pipeline is due to deliver gas to the UK in 2006 and could meet up to 16 per cent of peak UK demand. It is one of a number of developments and facilities that will see the UK's gas supply capability rise by 28 per cent by 2006/7.

Past Collaboration

7. But of course it is not just the Langed pipeline that has brought our two countries so close. Following the UK/Norway Pilot - Konkraft co-operation initiative which was launched back in 2002 – and endorsed by our predecessors - we have made significant and measurable progress in unlocking value across our borders with joint initiatives and projects.
8. We have:
 - A Framework Agreement specifically designed to cover a range of cross-border projects so that we do not have to conclude a new treaty for each project
 - 5 median line field and pipeline projects that have been approved within the last year
 - Valuable supply chain initiatives which are aimed at building on the best our industry can offer, for example:
 - Share Fair concept – where industry on both sides set out their forward activity plans
 - Cross-Border Business-to-Business Mentoring Scheme – where major players from both UK and Norway pair up with a SME from the other country as mentors in business culture and supply chain practices and exchange experiences
9. But there is still a great deal more that can be done in this wider co-operation process. I know from discussions that took place at the recent Offshore Europe conference in Aberdeen there is still the appetite to establish areas where collaboration can bring added value. This includes taking a pragmatic approach to the way in which our respective procedures and regulations intermesh and standardising those where we can.
10. We continue to throw down the challenge to industry to bring forward more cross-boundary projects – fields for example that may have been known about and sitting there for years until the climate was right. Now is that time.

UK in a Global Market

11. On a global scale, the world faces many social and economic challenges. Energy production is paramount to ensuring that countries can meet these challenges. High energy prices and unexpected changes to markets add other dimensions to those challenges.
12. We've seen the catastrophes caused by Hurricanes Katrina and Rita, and the potential knock on effects to supply. The exact extent of the damage continues to unfold. Whilst there are signs that the situation in response to those disasters is stabilizing, analysts all around the world are still very much engaged in considering the full ramifications. The UK along with other IEA member countries initiated a co-ordinated response to free up extra supplies to help the market deal more effectively with the disruption.

13. The UK Government's position is clear: we are committed to encouraging prosperity and sustainability for all. This means we need to ensure secure, affordable and diverse future energy supplies.

The Challenge of Climate Change

14. Climate change is an issue very much at the heart of our Energy Policy. The way we produce and consume energy has a profound impact on climate change, contributing significantly to increases in greenhouse gas emissions. That's why we made climate change one of our four goals of energy policy. We recognise that the development of the energy supply sector over the coming decades will be critical to the UK's ability to meet our short, medium and long term climate change goals.

Carbon Capture and Storage in the North Sea

15. Which brings me onto future areas of collaboration. Carbon Capture and Storage is an important option for sustainable power generation in the future given its potential to reduce CO₂ emissions by up to 85 or 90 per cent. The geological strata beneath the North Sea has the capacity to store Europe's CO₂ emissions for several decades to come. Although Carbon Capture and Storage technologies have yet to be demonstrated, they have significant potential to contribute to CO₂ emissions reductions whilst providing secure sources of energy.
16. Fortunately this challenge has been taken up by both our countries.
17. In the Norwegian sector, since 1996, Statoil has already been storing over 1 million tonnes of CO₂ a year at Sleipner.
18. I am pleased to say that the UK is also starting to take initiatives in this area. BP, together with their partners Statoil, have recently established a CO₂ storage project in the En Salah gas field which is also storing about 1 million tonnes of CO₂ a year.
19. However what I find very exciting is the project BP, Shell and Scottish and Southern Energy are looking at for demonstrating the full range of CCS technologies. The captured CO₂ will be used to enhance the recovery of oil from the Miller field, not only extending its life but also permanently storing it away from the atmosphere. This will allow the hydrogen created as a result of CO₂ capture process to be used for near-to-zero emissions power generation at the Peterhead power station.
20. If this project is successful then it could be a model for other clean fossil fuel power generation with opportunities not only in Europe but also in developing economies such as India and China.
21. We have some way to go before these technologies become a commercial reality: not least because the costs at the moment are high but also because we need to demonstrate them as a complete system. We need to be able to show that we can safely and reliably store CO₂ in the geological strata beneath

the North Sea over very long periods of time. We cannot leave an environmental problem for future generations.

22. That is why I think it is important that our two countries work closely together to establish a set of principles or guidelines by which we manage the storage of carbon beneath the North Sea. I know that officials from both our Ministries have already been talking about this and they are planning a seminar at the end of November to discuss these issues and that Mr Enoksen and I are to give keynote speeches. I hope this event will be the first of many such collaborations in the area of Carbon Capture and Storage.

CONCLUSION

23. To conclude – Governments and industry – not just here in the UK and in Norway but globally - face huge challenges. We need to continue building partnerships and embrace frontier technologies so that we pool effort to help meet the global challenge for sustainable and affordable energy.

Thank you.